TITLE 63
REVENUE AND TAXATION

CHAPTER 17
TAXATION OF FOREST LANDS AND FOREST PRODUCTS

63-1701. DEFINITIONS. As used in this chapter, unless the context requires otherwise:

(1) "Average annual net wood production" means the average net usable volume of wood one (1) acre of forest land will grow in one (1) year under average current and actual forest conditions and under current and reasonable management practices for each forest value zone.

(2) "Designation period" means any one (1) ten (10) year period in a sequence of ten (10) year periods which begin January 1, 1983.

(3) "Forest" means forest land and the timber thereon.

(4) "Forest land" means privately owned land being held and used primarily for the continuous purpose of growing and harvesting trees of a marketable species. Having met the above criteria, forest land may be further identified by the consideration of any of the following criteria:

(a) Forest land is land evidenced by present use and silvicultural treatment.

(b) Forest land is land which has a dedicated use that is further evidenced by a forest land management plan that includes eventual harvest of the forest crop.

(c) Forest land is land bearing forest growth or land which has not been converted to another use.

(d) Forest land is land which has had the trees removed by man through harvest, including clear-cuts or by natural disaster, such as but not limited to fire, and which within five (5) years after harvest or initial assessment will be reforested as specified in the forest practices act (chapter 13, title 38, Idaho Code).

(5) "Forest landowner" means the legal entity which holds the property rights under law to the forest land surface.

(6) "Forest products" means any forest crop harvested from forest land.

(7) "Forest products yield tax" means a tax levied on the value of forest products harvested from a parcel as prescribed in sections 63-1703 and 63-1706, Idaho Code.

(8) "Forest value" means the market value for assessment purposes as determined only on the basis of its ability to produce timber, other forest products, and associated agricultural products through the timber productivity valuation process as prescribed by section 63-1705, Idaho Code.

(9) "Stumpage value" means the value of timber, whether standing or downed by other than an intentional act of severance, expressed in terms of dollars per unit of measure.

(10) "Timber" means wood growth, of any species and of any size, standing or down on privately owned lands.

(11) "Bare land value" means the value of forest land exclusive of the value of timber and other products growing or being thereon.

(12) "Stumpage owner" means the legal entity which holds the property rights under law to the timber growing on private lands.

(13) "A substantial change of use" means any use other than as forest land as defined in subsection (4) of this section.

(14) "Deferred taxes" as used in section 63-1703, Idaho Code, means a tax levied to recapture the difference between taxes that were collected on a parcel designated under section 63-1706, Idaho Code, and what would have been collected on the parcel, had it been designated under section 63-1702 or 63-1705, Idaho Code.

(15) "Custodial expense" shall mean those expenses incurred in the maintenance of the forest land and limited to the following:

(a) Reforestation;
(b) Road maintenance;
(c) Managing public use;
(d) Forest inventory;
(e) Forest management planning;
(f) Facility operations and maintenance;
(g) Environmental analysis and documentation;
(h) Appeals and litigation;
(i) Land survey;
(j) Forest fire suppression;
(k) Other management expenses; and
(l) Labor associated with items (a) through (k) of this subsection, but shall not include the salaries or expenses, or any portion thereof, of any person or officer not directly engaged in the management of the forest land.

(16) "CFTM" means the committee on forest land taxation methodologies as provided in section 63-1705, Idaho Code.

[63-1701, added 1982, ch. 123, sec. 5, p. 351; am. 1989, ch. 235, sec. 1, p. 572; am. 1992, ch. 18, sec. 1, p. 52; am. 1994, ch. 370, sec. 1, p. 1189; am. 2005, ch. 24, sec. 1, p. 74.]

63-1702. LANDS OF LESS THAN FIVE ACRES. Land parcels of less than five (5) contiguous acres must be appraised, assessed and taxed as real property, without regard to its ability to produce timber or forest products. Buildings and other improvements located on forest lands of less than five (5) contiguous acres shall be appraised, assessed and taxed as provided by applicable laws, rules and regulations.

[63-1702, added 1982, ch. 123, sec. 5, p. 352.]

63-1703. CERTAIN FOREST LANDS TO BE DESIGNATED FOR TAXATION BY OWNER -- LIMITATIONS. For the purposes of appraisal, assessment and taxation under the provisions of this chapter, all forest lands in parcels of five (5) or more acres but less than five thousand (5,000), whether contiguous or not, as long as such parcels are held in common ownership, must be designated by the forest landowner to be subject to the provisions of either subsection (a) or (b) of this section. A forest landowner cannot have parcels designated under the provisions of both subsections (a) and (b) of this section at one time. If the forest landowner fails to make a designation, his forest lands shall be subject to appraisal, assessment and taxation under the provisions of section 63-1702, Idaho Code. Once a designation is made by the forest landowner, such designation must remain in effect until the designation period expires, unless the forest lands are transferred to another owner using a different taxing category; in such case, the taxing category of the transferred forest lands shall be the same as that maintained by the new owner.

A forest landowner may change the designation of all forest lands in common ownership at the end of any designation period, subject to the recapture of any deferred taxes due as a result of such change. After January 1 and by December 31 of the tenth year of each designation period, the forest landowner must notify the county assessor of any change in forest land designation. Failure to notify the county assessor will result in the continuation of the landowner's present designation until the end of the next designation period.

Any substantial change in the use of forest lands not conforming with the definition of "forest land" in section 63-1701, Idaho Code, during such ten (10) year period under the designations made in subsection (a) or (b) of this section shall be reported by the landowner to the county assessor within thirty (30) days of the change in use. Upon notification of the change in use or a determination by the assessor that the land no longer meets the definition of "forest land" in section 63-1701, Idaho Code, the assessor shall appraise, assess and tax those acres as provided by applicable laws and rules. Failure to notify the assessor of the change in use when forest lands have been designated as subject to the provisions of subsection (a) or (b) of this section shall cause forfeiture of such designation and cause that property to be appraised, assessed and taxed as provided in section 63-1702, Idaho Code. If there are deferred taxes subject to recapture as a result of loss of forest land designation, the assessor shall take no action to supply deferred tax amounts to the county treasurer before the taxpayer has been notified and provided an opportunity to appeal the decision of the assessor to the county board of equalization. Said appeal shall be considered timely if filed with the county clerk within thirty (30) days of receipt of the notification of the decision of the assessor. Upon the filing of a timely appeal, the taxpayer shall be given at least ten (10) days' notice of the date and location of the next meeting of the county board of equalization at which the appeal shall be considered. Once the appeal is considered, the county board of equalization shall notify the appellant of the decision, which is further appealable pursuant to section 63-511, Idaho Code.

Forest lands designated for assessment pursuant to the provisions of section 63-1706, Idaho Code, shall be subject to the recapture of deferred taxes upon removal of such designation, a substantial change in use, or ownership transfer, except that there shall be no recapture initiated upon ownership transfer of forest lands designated as subject to the provisions of section 63-1706, Idaho Code, to a landowner with forest lands already designated as subject to the provisions of section 63-1706, Idaho Code, prior to the transfer, or who so designates his lands to be subject to the provisions of section 63-1706, Idaho Code. In the event payment is offered or made, it shall be accepted by the county treasurer and applied in the manner of payment of other property tax.

The dollar amount of deferred taxes subject to recapture shall be determined by the county assessor by applying current tax levies against the current values that would have been in effect if the lands were subject to appraisal and assessment during the current year under the provisions of section 63-1705, Idaho Code, if there has been a change in ownership or a removal of designation, or section 63-1702, Idaho Code, if there has been a change in use with no change in ownership, which amount shall be multiplied by the number of years that the lands have been subject to the designation under section 63-1706, Idaho Code. The amount of the deferred tax shall accrue through designation periods, up to a maximum of ten (10) years, and shall ap-

ply to the most recent ten (10) years in which the parcel has been designated under the provisions of section 63-1706, Idaho Code. A credit shall be allowed for taxes actually paid under the provisions of section 63-1706, Idaho Code, for an identical ten (10) year period, up to the total amount of the deferred taxes. All deferred amounts shall be a lien against the land. Deferred tax amounts shall be calculated by the county assessor on forms prescribed by the state tax commission. Deferred tax amounts shall be supplied by the county assessor to the county treasurer by May 15 of the year following conveyance or within thirty (30) days of the lapsing or conclusion of the appeals procedure provided in this section with regard to the removal of the forest land designation, or of learning of a change in use. All deferred tax amounts shall be due and payable to the county treasurer on demand and shall become delinquent if not paid by the demand due date specified by the county treasurer on the forms prescribed by the state tax commission. If the deferred tax is not paid as provided in this section, the payment becomes delinquent and subject to late charges and interest in the amounts provided in sections 63-201(12) and 63-1001, Idaho Code, and subject to collection in the manner as set forth in chapter 10, title 63, Idaho Code. Estimated deferred tax amounts may be held by the county treasurer in a tax anticipation account from the date of conveyance until June 1 of the year following conveyance.

The county treasurer shall cause the deferred taxes and any penalty and interest paid pursuant to the provisions of this section to be apportioned to the various taxing authorities within which the property subject to the tax is located in the same manner as property taxes.

(a) A forest landowner may choose to have his forest land assessed, appraised and taxed under the provisions of section 63-1705, Idaho Code, by filing such choice with the county assessor on a form prescribed by the state tax commission. Designation filed pursuant to section 63-1705, Idaho Code, shall become effective the first day of January following the year of designation.

(b) A forest landowner may choose to have his forest land assessed, appraised and taxed under the provisions of section 63-1706, Idaho Code, by filing such choice with the county assessor on a form prescribed by the state tax commission. Designation filed pursuant to section 63-1706, Idaho Code, shall become effective the first day of January following the year of designation.

(c) All forest products or timber harvested from investment lands not designated as subject to the provisions of section 63-1702, 63-1705 or 63-1706, Idaho Code, and delivered to a point of utilization as logs or semiprocessed forest products, except those forest products harvested for the domestic use of the landowner under the provisions of section 63-1708, Idaho Code, shall be subject to the yield tax at the time of harvest in the same manner provided for in section 63-1706, Idaho Code.

[63-1703, added 1982, ch. 123, sec. 5, p. 352; am. 1984, ch. 237, sec. 1, p. 567; am. 1992, ch. 18, sec. 2, p. 53; am. 1994, ch. 370, sec. 2, p. 1190; am. 1995, ch. 90, sec. 1, p. 259; am. 1996, ch. 322, sec. 60, p. 1088; am. 1996, ch. 431, sec. 1, p. 1464; am. 2004, ch. 183, sec. 1, p. 573; am. 2008, ch. 53, sec. 4, p. 135; am. 2008, ch. 400, sec. 5, p. 1099; am. 2009, ch. 11, sec. 24, p. 37; am. 2016, ch. 16, sec. 1, p. 21.]

63-1704. LARGE-SIZE FOREST TRACTS. Tracts of forest lands which consist of five thousand (5,000) or more acres, whether contiguous or not, so

long as such tracts are held in common ownership, must be appraised, assessed and taxed as real property as provided in section 63-1705, Idaho Code.

[63-1704, added 1982, ch. 123, sec. 5, p. 353; am. 1996, ch. 431, sec. 2, p. 1466.]

63-1705. TAXATION OF FOREST LANDS UNDER THE PRODUCTIVITY OPTION. (1) In order to encourage private forest landowners to retain and improve their holdings of forest lands and to promote better forest management, forest lands subject to this option shall be appraised, assessed and taxed as real property under the provisions of this section.

(2) Forest lands shall be governed by the following productivity classifications and assessments:

(a) All forest land shall retain the productivity classification that it held in tax year 2021 for each year thereafter, unless there is a substantial change of use or the landowner successfully appeals the classification pursuant to chapter 5, title 63, Idaho Code. All forest land shall be assessed in accordance with subsection (4) of this section.

(b) Changes to productivity classification of forest land prior to January 1, 2021, shall be made pursuant to the process set forth in section 63-1705A, Idaho Code, and shall be assessed each year thereafter in accordance with the provisions of subsection (4) of this section, except that all reviews by county assessors pursuant to section 63-1705A, Idaho Code, shall be completed no later than January 1, 2021.

(c) The productivity classification for land newly classified as forest land after tax year 2021 shall be determined pursuant to section 63-1705A, Idaho Code. In the year immediately following classification and for each year thereafter, newly classified forest land shall retain its productivity classification and shall be valued in accordance with the provisions of subsection (4) of this section.

(3)(a) Prior to tax year 2021, the forest land value shall be determined by the timber productivity valuation process, as provided for in the committee on forest land taxation methodologies (CFTM), user's guide to the timber productivity option's valuation method - 2005 (Schlosser, January 1, 2005, Moscow, Idaho), referred to in this chapter as the "user's guide," on file with the Idaho state tax commission, available on the website of the Idaho state tax commission, and which shall be made available in the office of each county assessor, which values the net wood production over a reasonable rotation period plus other agricultural-related income, if any, less annualized custodial expenses as defined in section 63-1701, Idaho Code. The state tax commission shall promulgate rules relating to the timber productivity valuation process, including custodial expenses, as provided for in the user's guide and the provisions of this chapter.

(b) The market value for assessment purposes shall be determined annually by the county assessor using the timber productivity valuation process developed by the CFTM, and as further prescribed in rule. Effective January 1, 2012, the forest land values for taxation purposes will be floored at the 2011 valuation level of all four (4) of the forest value zones for the next ten (10) year period. The ceiling for taxation purposes for forest land values during such ten (10) year period will be capped at thirty percent (30%) above the 2011 forest land values. The annual changes for taxation purposes shall be limited to not more than a five percent (5%) annual increase or decrease from the imme-

diate prior year based upon the 2005 user's guide valuation model, provided however, that no decrease shall be in an amount less than the established floor nor increase above the established ceiling.

(c) Actual annual valuation calculations shall also be tracked, though not necessarily utilized for taxation purposes. Actual annual valuation calculations may drop below the floor or rise above the ceiling. Forest land values derived by the model will be used as the forest land value for taxation purposes only when the derived value is between the floor and the ceiling. Furthermore, the actual annual valuation calculations shall not exceed a five percent (5%) adjustment from the previous year's valuation calculation. When the model-derived values for a given year are below the floor, the forest land value for taxation purposes will be equal to the floor value for that year. When the model-derived values in a given year are above the ceiling, the forest land value for taxation purposes will be equal to the ceiling for that year.

(d) Except as provided in subsection (6) of this section, any change to the productivity classification of a forest land parcel prior to tax year 2021 shall adhere to the process set forth in this subsection and in section 63-1705A, Idaho Code, or else such change shall be void. However, the assessor's appraisal shall be upheld upon appeal if the board of equalization determines that the landowner has purposely or unreasonably denied the assessor timely access to the land to complete fieldwork under the provisions of section 63-1705A, Idaho Code.

(e) The CFTM may recommend to the legislature a new process by which county assessors establish forest land productivity classification for land newly designated as forest land after tax year 2021.

(4) Beginning in tax year 2021 and each tax year thereafter, land assessed as forest land shall be valued by indexing each parcel's value by the percentage change in the five (5) year rolling average stumpage values, with 2019 being the base year. The stumpage values shall be based upon the preceding five (5) year rolling average value of timber harvested within the forest value zone from state timber sales or, if unavailable, the best available data for the same five (5) year period. Any changes in value shall be limited to no more than a five percent (5%) annual increase or decrease from the immediate prior year. The state tax commission shall provide the stumpage value calculation required under this subsection by March 1 of each year.

(5) Pursuant to the provisions of section 63-602W, Idaho Code, the inventory of forest products shall not be included as part of the valuation of the forest land.

(6) Forest lands upon which, at any time after January 1, 1982, the trees are destroyed by fire, disease, insect infestation or other natural disaster such that the lands affected will not meet minimum stocking requirements under rules adopted pursuant to chapter 13, title 38, Idaho Code, shall be eligible for a reduction in value for the first ten (10) property tax years following the loss. The amount of reduction shall be determined by dividing the average age of the trees destroyed by the rotation age for the specific forest productivity class appropriate for the affected acres. In no instance shall the annual reduction exceed eighty percent (80%) of the original forest value per year. In order to obtain a reduction, the landowner shall, on or before January 1 following the destruction, make written application to the assessor indicating the legal description of the lands in question and stating all pertinent facts. The assessor may investigate the facts and may request assistance from the state tax commission in

performing such investigations. If the requirements are met, such forest lands shall be assessed and taxed on the reduced basis herein provided.

(7) Buildings and other improvements, other than roads, located on forest lands shall be appraised, assessed and taxed as provided by applicable laws and rules.

(8) There is created within the Idaho state tax commission the CFTM. The membership of the CFTM shall be:

(a) A nonvoting chairman who shall be the member of the Idaho state tax commission assigned to property tax matters;

(b) Four (4) members who are representing business entities owning no fewer than five thousand (5,000) acres of Idaho forest land, provided that there shall be only one (1) representative for each individual business entity and provided further that affiliated business entities shall be considered a single business entity for the purposes of this section. The business entity employing such member shall designate a successor member at its discretion. If a vacancy occurs among the representatives of forest landowners owning no fewer than five thousand (5,000) acres, a replacement member will be selected by the remaining members qualifying under the provisions of this section;

(c) One (1) member selected from the membership of the Idaho forest owners' association;

(d) Five (5) members selected from the membership of the Idaho association of counties; and

(e) The state superintendent of public instruction or his/her designee, in a nonvoting capacity.

(9) The CFTM may retain a forest economist selected by a majority of its members to advise the CFTM.

(10) The costs of each CFTM member shall be borne by the respective member. The fees and costs of the forest economist shall be borne as determined by the CFTM.

(11) The CFTM may prepare and deliver written reports to the house of representatives revenue and taxation committee and the senate local government and taxation committee of its findings and recommendations for legislation as the need may arise. The CFTM may meet periodically as determined by its chairman or the CFTM.

[63-1705, added 1982, ch. 123, sec. 5, p. 353; am. 1984, ch. 237, sec. 2, p. 568; am. 1996, ch. 322, sec. 61, p. 1090; am. 1998, ch. 198, sec. 1, p. 711; am. 2000, ch. 156, sec. 2, p. 397; am. 2005, ch. 24, sec. 2, p. 75; am. 2011, ch. 5, sec. 1, p. 11; am. 2012, ch. 9, sec. 1, p. 14; am. 2017, ch. 48, sec. 1, p. 76; am. 2018, ch. 83, sec. 1, p. 186; am. 2020, ch. 247, sec. 1, p. 721.]

63-1705A. CLASSIFICATION OF FOREST LANDS. (1) The state shall be divided into four (4) forest valuation zones:

(a) Zone 1 shall consist of Boundary, Bonner, and Kootenai counties;

(b) Zone 2 shall consist of Benewah, Shoshone, Latah, Clearwater, Nez Perce, Lewis, and Idaho counties;

(c) Zone 3 shall consist of Adams, Valley, Washington, Payette, Gem, Boise, Canyon, Ada, Elmore, Camas, Blaine, Gooding, Lincoln, Jerome, and Minidoka counties; and

(d) Zone 4 shall consist of the remaining nineteen (19) counties.

(2) In all forest valuation zones, there shall be three (3) separate productivity classes of forest land: poor, medium, and good. These classes

apply to forest land that may or may not be stocked with commercial or young growth timber.

(a) Poor productivity class is defined as forest land having a mean annual increment (MAI) of one hundred twenty-five (125) board feet per acre per year, based on a seventy-three (73) year rotation. This productivity class includes western white pine site index 35-45 and ponderosa pine site index 45-80. One hundred twenty-five (125) board feet per acre MAI shall be used in the valuation process.

(b) Medium productivity class is defined as forest land having an MAI of two hundred twenty-five (225) board feet per acre per year, based on a sixty-eight (68) year rotation. This productivity class includes western white pine site index 46-60 and ponderosa pine site index 81-110. Two hundred twenty-five (225) board feet per acre MAI shall be used in the valuation process.

(c) Good productivity class is defined as forest land having an MAI of three hundred fifty (350) board feet per acre per year, based on a sixty-three (63) year rotation. This productivity class includes western white pine site index 61 and above and ponderosa pine site index 111 and above. Three hundred fifty (350) board feet per acre MAI shall be used in the valuation process.

(d) For forest valuation zones 1 and 2, forest land shall be stratified into areas of similar productive potential using the habitat typing methodology described in "forest habitat types of northern Idaho: a second approximation," published by the United States government printing office for the United States forest service in 1991. Within these stratified areas, site index trees shall be selected and measured that will identify the site index to be used to place the land in one (1) of the three (3) productivity classes set forth in paragraphs (a), (b), and (c) of this subsection.

(e) For forest valuation zones 3 and 4, the criteria for stratification shall be generally the same as that used in zones 1 and 2 based on the habitat typing methodology described in "forest habitat types of central Idaho," published by the United States government printing office for the United States forest service in 1981, with the following adjustments made in growth rates for lower moisture levels:

(i) For poor productivity class, one hundred twenty-five (125) board feet per acre MAI shall be used in the valuation process;

(ii) For medium productivity class, two hundred thirteen (213) board feet per acre MAI shall be used in the valuation process; and

(iii) For good productivity class, three hundred twenty (320) board feet per acre MAI shall be used in the valuation process.

(3) Lakes, solid rock bluffs, talus slopes, and continuously flooded swampy areas that are larger than five (5) contiguous acres in size and that can be identified through remote sensing shall be valued at forty percent (40%) of the poor bare land value as described in section 63-1706, Idaho Code. These areas are defined as being incapable of growing trees.

(4) Except as provided in subsection (5) of this section, no parcel's productivity classification can be changed from the classification existing on January 1, 2016, until requirements for landowner notification, inspector qualifications, and document retention have been met.

(a) Notice of intent to change classification must be provided in writing to the landowner of record or the landowner's designee within two (2) weeks of any determination by the county assessor of intent

to change classification. Such notice must be provided no later than the first Monday in November for the change to be in effect during the following year. Notice may be delivered in person or by United States mail, or, if agreed to by the assessor and the landowner, by electronic mail. Notice of intent to change classification shall include:

(i) A statement of intent to change the classification;

(ii) A statement of the present classification and the intended new classification;

(iii) A statement that the intent notice is not an assessment notice and that the assessment notice will be sent by the first Monday in June in the following year;

(iv) A statement that both the taxable value stated on the assessment notice and the classification may be appealed to the county board of equalization as provided in section 63-501A, Idaho Code; and

(v) Contact information identifying assessor's office staff who may be contacted and how to do so.

(b) The inspector is the person assigned by the county assessor to review property characteristics and complete a timberland classification form provided by the state tax commission. The inspector must be proficient in each of the following:

(i) Navigating forest locations;

(ii) Skilled mapping techniques;

(iii) Establishment of plot locations;

(iv) Plant and tree identification; and

(v) Site tree identification and measurements.

(c) Inspector proficiency must be established by a minimum of twelve (12) months of experience doing fieldwork, including reviewing the characteristics of timberland, and:

(i) Passing a state tax commission-sponsored class on timberland appraisal and inspection;

(ii) Passing equivalent courses from an accredited college or university; or

(iii) Obtaining a degree in forestry or a related field from an accredited institution.

(d) Documentation related to timberland productivity classification shall be retained for no less than ten (10) years following classification determination. Documentation shall include but is not limited to:

(i) Timberland characteristics, on a form provided by the state tax commission, with sufficient detail to verify the classification, including the calculation of productivity class as set forth in subsection (2) of this section;

(ii) The location of any field plots and any site trees using map or global positioning system (GPS) coordinates;

(iii) A map illustrating property boundaries, habitat type-based stratifications as provided in subsection (2) of this section, and plot locations used in the determination of productivity class; and

(iv) Any imagery used to assess the parcel prior to field review.

(5) Provided the county assessor and forest land owner agree and the data is deemed by the county assessor to be acceptable and accurate, the data used to establish any parcel's productivity classification may be provided

by the forest land owner. In this case, inspector qualifications and proficiency provisions of this section shall not apply.

(a) When productivity data is provided to the county assessor by the forest land owner, it shall be deemed confidential production record information and not subject to public disclosure, pursuant to section 74-107(2), Idaho Code.

(b) When the alternate method described in this section is to be used, the county shall not be required to have a certified inspector to review property characteristics.

(c) To be considered acceptable, the classification of the timberland so established must result in market value for assessment purposes as defined in section 63-1705(3), Idaho Code.

[63-1705A, added 2020, ch. 247, sec. 2, p. 724.]

63-1706. YIELD TAX ON APPLICABLE FOREST PRODUCTS. (1) All forest lands designated by the owner to be subject to the provisions of section 63-1703(b), Idaho Code, shall be appraised, assessed and taxed according to the provisions of this section.

(2) Forest lands held in private ownership and designated by the owner to be subject to the provisions of this section for property taxation shall be valued by the county assessor as real property at rates which reflect only bare forest land value as determined under rules of the state tax commission.

(3) All timber severed from lands subject to the provisions of this section and delivered to a point of utilization as logs or semiprocessed forest products shall be subject to a forest products yield tax. This yield tax is in lieu of and replacement for, and not in addition to, property taxes on timber.

(4) The yield tax rate shall be three percent (3%) of stumpage value as determined by the state tax commission. In establishing stumpage values, the state tax commission shall:

(a) Divide the state into appropriate stumpage value zones, with each zone designated so as to recognize the uniqueness of timber marketing areas.

(b) By November 1, set stumpage values by zone for each species and/or product for use in the reporting and payment of yield taxes for timber severed during the following calendar year. Stumpage values shall be based on a five (5) year rolling average value of comparable timber harvested from state timber sales within the stumpage value zone and/or the best available data for the same five (5) year period.

(5) Report and payment of yield taxes become the direct liability and responsibility of the landowner at the time of severance. At the time of severance the yield taxes become a perpetual lien on the real and personal property of the landowner. Yield tax amounts shall be calculated by the county assessor on forms prescribed by the state tax commission. Yield tax amounts shall be supplied by the county assessor to the county tax collector on or before November 15 for timber that was severed from January 1 through June 30. The county tax collector shall, by the fourth Monday in November, notify the landowner of any such yield tax amount with payments due and payable on or before December 20. If the taxes due for said period are not paid on or before December 20, the payment becomes delinquent and subject to late charges and interest in the amount provided in sections 63-201 and 63-1001 or 63-904, Idaho Code, calculated from the following January 1. Yield tax amounts shall be supplied by the county assessor to the county tax collector on or before

May 15 for timber severed from July 1 through December 31 in the year following severance. The county tax collector shall, by the fourth Monday in May, notify the landowner of any such yield tax amount with payments due on or before June 20 in the year following severance. If the yield taxes due for said period are not paid on or before June 20, the payment becomes delinquent and subject to late charges and interest in the amount provided in sections 63-201 and 63-1001 or 63-904, Idaho Code, calculated from the following July 1. Delinquent yield taxes shall remain a lien against the land from which the timber was harvested and against any other real and personal property of the landowner who owned the land at the time of severance. To collect delinquent yield taxes, the treasurer may use either the personal or real property collection procedures provided in title 63, Idaho Code.

(6) All yield tax revenues and any late charges or interest thereon shall be apportioned among the several county funds and taxing districts as provided for the apportionment of property taxes.

(7) The party utilizing logs or semiprocessed forest products as raw materials shall be required to report the quantity, species and source of all such materials to the Idaho department of lands. Such report shall be structured to comply with and act as a simultaneous report of data already required under the provisions of section 38-122, Idaho Code. The report format shall include the identification of the forest landowner at the source, legal description of the source, timber or product owner at time of severance, harvester and volume of forest products severed. The Idaho department of lands shall deliver to the various county assessors without fee, copies of these reports as they are available. In the event the point of utilization lies out of the state or a report is not required under the provisions of section 38-122, Idaho Code, the timber owner at time of severance shall be responsible for the reporting of the above-stated data to the department of lands.

(8) If reports required by this section are found to be intentionally false or when appropriate reports are not made, the assessor shall value the forest crop harvested, based on the best available estimates.

(9) Not reporting timber or forest products delivery or receipt as required by this section shall be deemed a misdemeanor.

(10) Buildings and other improvements, other than roads, located on forest lands shall be appraised, assessed and taxed as provided by applicable law and rules.

[63-1706, added 1982, ch. 123, sec. 5, p. 354; am. 1987, ch. 205, sec. 1, p. 432; am. 1994, ch. 370, sec. 3, p. 1192; am. 1996, ch. 98, sec. 17, p. 398; am. 1996, ch. 132, sec. 1, p. 455; am. 1997, ch. 117, sec. 38, p. 334; am. 2014, ch. 77, sec. 3, p. 204.]

63-1707. EXAMINATION OF RECORDS. In order to properly administer the provisions of this chapter, the state tax commission shall have the right at reasonable times to examine the books, accounts and records of the landowner, timber owner or forest products owner at the time of severance or harvest, or party utilizing the logs or other forest products at the time of severance or harvest as necessary to verify the reports required under the provisions of this chapter and shall have the right to examine the source land.

[63-1707, added 1982, ch. 123, sec. 5, p. 355.]

63-1708. PROPERTY EXEMPT FROM TAXATION. The following property is exempt from the yield tax imposed by section 63-1706, Idaho Code: Christmas trees, annual forest crops to include nuts, berries, foliage, cones and other forest products harvested for domestic use of the landowner; provided, that the taxes exempted from any one (1) ownership shall not exceed twenty-five dollars ($25.00) in any one (1) year.

[63-1708, added 1982, ch. 123, sec. 5, p. 356.]